CANADA

PROVINCE OF QUEBEC

FARM PRODUCTS COUNCIL OF CANADA

THE **SYNDICAT DES PRODUCTEURS D'ŒUFS D'INCUBATION DU QUÉBEC**, a duly constituted body corporate, , having its head office at 555 Roland-Therrien Boulevard, Suite 515, in Longueuil, Province of Quebec, J4H 4E7

Complainant

v.

The **Canadian Hatching Egg Producers**, a duly constituted body corporate , having its head office at 21 Florence Street, in Ottawa, Province of Ontario, K2P 0W6

Respondent

COMPLAINT UNDER PARAGRAPHS 7(1)(*d*) AND 7(1)(*f*) OF THE
***FARM PRODUCTS AGENCIES ACT*, R.S.C. 1985, c. F-4**

I. THE PARTIES

(A) The Syndicat des producteurs d'œufs d'incubation du Québec (hereafter referred to as "the Syndicate")

1. The Syndicate is a professional syndicate constituted under Chapter S-40 of the Statutes of Quebec and is appointed by the Régie des marchés agricoles et alimentaires du Québec to administer and enforce the *Plan conjoint des producteurs d'œufs d'incubation du Québec* (hereafter referred to as "the joint plan").

2. Under the joint plan it administers, the Syndicate has the following powers:

> [TRANSLATION]
>
> 19. The Syndicate may
>
> (d) seek to maintain a balance between production of the product and market needs, and to streamline transportation of this product;

3. The Syndicate also has the following power under section 22 of the joint plan:

> [TRANSLATION]
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> 22. The Syndicate may work with other producer agencies, or with a government, its employees, departments or agencies, in order to ensure the methodical marketing of the product within and outside Quebec. Subject to the mentioned authorizations, the Syndicate may exercise the powers and functions, perform the duties and make the agreements referred to in Chapter VIII of the Act.

4. While the Syndicate is authorized to administer the joint plan, the hatching egg producers' negotiating agent is a Producer Committee (hereafter referred to as "the Committee") constituted by the annual general meeting of producers. The Committee has to negotiate the following marketing conditions with any person required to do so:

> [TRANSLATION]
>
> 23. The negotiating agent may negotiate with any person required to do so under the Act any condition for marketing the product concerned, including
>
> (b) the quantity that has to be produced or delivered, and the delivery date or period;
>
> (e) the supply and delivery terms and conditions for buyers;

5. Pursuant to the powers and duties arising from the joint plan, the Committee (together with the Syndicate) has entered into marketing agreements with Quebec processors, including one agreement with Les Couvoiriers du Québec and another with the Coopérative fédérée de Québec (now known as and referred to in this complaint as "La Coop fédérée").

6. Les Couvoiriers du Québec represents all Quebec hatcheries, except those represented by La Coop fédérée. Under the aforementioned agreements, the Committee is required *inter alia* to reach an agreement with buyers on the demand for the product, failing which the matter is referred to arbitration.

7. The Committee and the Syndicate sign the agreements in their respective areas of jurisdiction. The agreements are then certified by the Régie des marchés agricoles et alimentaires du Québec.

8. For convenience and ease of reference, the relevant excerpts from sections 6 and 10 of both agreements are cited below:

[TRANSLATION]

SECTION 6 - DEMAND

6.01 – The Committee and the Association (namely Les Couvoiriers du Québec and La Coop fédérée) undertake to determine in advance demand for each cycle or for the periods constituting the cycle.

6.02 – For the purposes of the previous paragraph, a Permanent Committee on Demand consisting of six members, three of which to be appointed by the Committee and the other three by the Association, is constituted. Each party shall also appoint two alternates, who will be able to conduct business in the absence of any of the party's representatives.

6.07 – The agreement arising from the discussions of the Standing Committee on Demand will establish demand for one cycle or for the periods constituting that cycle, which may be reassessed at a later date in light of information not available at the time of negotiation.

6.08 – Should the Standing Committee on Demand fail to reach an agreement, one of the parties shall initiate the arbitration procedure set out in section 10 of this agreement.

6.09 – The Syndicate undertakes to set the quota utilization rate in accordance with the volume establish under section 6.07 or the volume determined by the arbitrator, it being understood that the utilization rate will be established mathematically by dividing demand, adjusted to take into account production fluctuations of the previous cycle, by the total quota.

SECTION 10 – ARBITRATION PROCEDURE

10.01 – Failing an agreement between the parties respecting sections 6, 9 and 15, either party may apply to the Régie for arbitration. The Régie shall appoint an arbitrator who will remain anonymous until the hearing.

10.06 – The discussions to establish demand and the arbitrator's decision, where applicable, shall be based on the production allocations granted to Quebec by the Canadian Broiler Hatching Egg Marketing Agency and on any other factor likely to be taken into consideration to reflect producers' and hatcheries' legitimate interests; in the event of a renegotiation while a cycle is under way, the criteria set out in section 10.4, with the exception of production costs, may be

considered, the whole in accordance with the Syndicate's undertakings as a signatory to the Federal-Provincial Agreement for Broiler Hatching Eggs.

9. The demand negotiated between the Committee and the persons engaged in processing and marketing chicks means the [TRANSLATION] "the maximum number of eggs determined by the Standing Committee on Demand to be marketed by all producers during a cycle or the periods constituting a cycle".

10. The volume of eggs required to satisfy hatcheries' needs, for both their interprovincial and intraprovincial chick market, shall be negotiated and agreed upon with the Committee; in the event of a disagreement, the matter shall be referred to an arbitrator in accordance with section 10 of the aforementioned agreements.

(B) The Canadian Hatching Egg Producers (hereafter referred to as "CHEP")

11. CHEP is a marketing agency contemplated in and governed by the *Farm Products Agencies Act*, R.S.C. 1985, c. F-4.

12. CHEP was established by the Governor in Council's Proclamation appended to the Federal-Provincial Agreement (hereafter referred to as "the FPA") entered into on November 27, 1986.

13. The main purpose of the FPA was to set up a comprehensive program for marketing broiler hatching eggs in order to guarantee a strong, efficient and competitive production and marketing broiler hatching egg industry and to ensure the dependable supply of broiler hatching eggs to the chicken industry.

14. Furthermore, in order to ensure a better implementation of the marketing plan, a single system for licensing persons engaged in marketing chicks was agreed upon, as reflected in specific provisions of the Proclamation discussed below.

15. The FPA provides for the establishment of an agency by proclamation and for the possibility of adding parties to the original signatories of the FPA.

16. The FPA is based on the principle that the intraprovincial and interprovincial marketing of hatching eggs should not be restricted in a manner inconsistent with the provisions of the comprehensive program or any other relevant legislation.

17. The FPA sets out the manner is which provincial allocations are determined, having regard to the historical base provided for in the Act and allocating production that exceeds that base in accordance with Schedule B discussed below.

18. Schedule B was originally to apply for a two-year period, after which, under subsection 14(5) of the FPA, CHEP could adjust but not alter the fundamental principles of this methodology with the unanimous consent of CHEP's members.

19. Those provisions are still in effect today.

20. The *Canadian Hatching Egg Producers Proclamation* came into force on December 29, 1986, clarifying CHEP's jurisdiction over the marketing of chicks.

21. Briefly stated, CHEP's jurisdiction is limited to implementing a quota system for the marketing of chicks from non-regulated provinces in regulated provinces and issuing licences for persons engaged in the marketing of those chicks.

22. CHEP is also authorized to require persons engaged in the marketing of chicks to deduct levies and charges payable by hatching egg producers to CHEP.

23. In other words, CHEP has only limited jurisdiction over the marketing of chicks, and, to all intents and purposes, no jurisdiction over this product within the regulated area. CHEP's jurisdiction is limited to issuing licences and gathering information, as already determined by the courts.

24. The hatching egg quota system provided for in the Proclamation is virtually identical to the system provided for by the FPA.

(C) SCHEDULE B AND ITS EVOLUTION OVER TIME

25. The Schedule B to the FPA that binds the parties today is the schedule approved on March 20, 2012. It is this schedule that is allegedly strictly applied by CHEP, and the Syndicate is challenging this alleged strict application in its complaint.

26. As appears from Schedule B and the fundamental principles established in it, national hatching egg allocations must be derived by reference to the overall estimated chicken meat production in Canada.

27. As for determining quota allocations to the provinces, CHEP must [TRANSLATION] "first consider the factors it is required by law to consider" and then fix each province's allocation on the basis of estimated total provincial chicken meat production.

28. Allocations are then adjusted to take imports into account.

29. Since 2012, CHEP has included a clarification in Schedule B, specifying that CHEP must consider other factors which it is required by law to consider; although previous versions of the schedule did not include this clarification, it was implicit as it was provided for in the legislation.

30. Since 2012, it has no longer been possible to claim that the application of Schedule B arises from a purely mathematical calculation based on the quantity of chicken produced in each province.

31. In fact, a review of how Schedule B has changed over the years is most revealing in this respect. Under the original schedule, namely the 1986 schedule, hatching egg allocations were determined solely on the basis of the needs of chicken producers, as determined by the Canadian Chicken Marketing Agency, now known as Chicken Farmers of Canada (CFC).

32. The 1986 Schedule B offered no flexibility, evidence of this being that it clearly referred to CFC's production figures.

33. The amended 1990 Schedule B entailed exactly the same duties and did not add anything with respect to the fixing of hatching egg allocations on the basis of chicken production allocations.

34. The amended 1995 Schedule B did add nuances to the calculation, which, however, was strictly based on estimated chicken production in both Canada and each province.

35. The 2012 Schedule B, however, contains a significant amendment, as may be seen from the introductory clauses to sections 2.02 and 3.01, which are worth reproducing in full:

> 2.02 <u>In addition to other factors which CHEP is required by law to consider</u>, the fundamental principle for determining quota allocations to the provinces is to derive such allocations by reference to the overall estimated kilograms of chicken meat production in each province for the relevant year or period.
>
> 3.01 <u>Unless other factors which CHEP is required by law to consider indicate otherwise in the making of a particular quota allocation</u>, the methodology to determine quota allocations to the provinces is as follows:
>
> . . .
>
> [Emphasis added]

36. It is a fact that CHEP persists in determining provincial allocations on the basis of estimated chicken production in each province; in doing so, CHEP breaches both its statutory and contractual obligations to consider "other factors which CHEP is required by law to consider".

37. The Syndicate may have accepted this method without challenging it because of the flexibility offered by the interprovincial quota leasing policy enacted in the 1990s, the most recent amendment to which, in force since July 17, 2012, applies to the 2013 allocation.

38. This method has worked more or less effectively over the years, providing some flexibility but failing to ensure 100% national production.

II. THE FARM PRODUCTS COUNCIL OF CANADA'S JULY 1999 DECISION

39. The Farm Products Council of Canada (FPCC) received a report from the Committee established to inquire into the complaint by the Ontario Hatching Egg and Chick Commission (OBHECC) against the Canadian Broiler Hatching Egg Marketing Agency's adjustment for imports in its quota allocation methodology dated July 9, 1999 [the Canadian Broiler Hatching Egg Marketing Agency is now known as Canadian Hatching Egg Producers].

40. The report was adopted by the FPCC on July 8, 1999 (*sic*).

41. In its complaint, the OBHECC submitted that it was receiving an insufficient quota and that, in its opinion, this shortfall was the result of a miscalculation in the adjustment for imports.

42. The OBHECC complained that, as a result, it had to use artificial mechanisms, such as leasing quota from other provinces, over-producing at the risk of having to pay liquidated damages, bringing in supplementary imports and/or shorting the market.

43. At the time of drafting of the Committee's report, on July 9, 1999, the 1990 Schedule B was in effect, unanimously amended by CHEP in 1995.

44. As noted above, under the 1990 Schedule B and the 1995 amendment, quota allocations were calculated strictly on the basis of chicken production in both Canada and each province, without regard to the duty introduced in the March 20, 2012, version of Schedule B to consider "other factors which CHEP is required by law to consider".

45. The Complaints Committee found that CHEP consistently applied Schedule B then in effect, and the FPCC therefore held that it did not have the authority to intervene; indeed, at the time, CHEP had no clearly worded discretion.

46. Some paragraphs of the 1999 Report are worth reproducing in full:

> Page 5, paragraph 2
>
> The Agency observed that OBHECC is challenging that portion of the Schedule B which sets out the adjustment for imports used in calculating provincial allocations of import quota for broiler hatching eggs. The CBHEMA argued that it has no legal authority to disregard the Schedule B adjustments for imports. Furthermore, the Agency stated that until a change is agreed to by all members, it does not have the unilateral authority to adjust the import calculations in Schedule B to reflect the actual DFAIT allocation to hatcheries. Similarly, Council has no jurisdiction to either modify Schedule B or direct the Agency to depart from the Schedule B quota allocation methodology. The issue raised by the OBHECC must be resolved through consensual negotiations, not litigation.
>
> Page 6, paragraph 1
>
> CBHEMA observed that none of the remedial actions being sought by the OBHECC are within the jurisdiction of the Council to grant. The Proclamation legally compels the Agency to apply the Schedule B quota allocation methodology. Therefore, the preconditions for Council to grant prior-approval under paragraph 7(1)(*d*) are fully satisfied. Furthermore, Council's duties under paragraph 6(1)(*b*) and the objects clause in s.21 of the Act do not authorize Council to force an Agency to amend the FPA. The Agency has no discretion in either the Proclamation or the FPA respecting the methodology to be used for allocating imports and must make the adjustment for import to Ontario on the basis of the negotiated and agreed to 45.5% level. Council would also be exceeding its jurisdiction if it were to direct the Agency to ignore Schedule B and adopt [the Export and Import Control Bureau's] adjustment for imports. Section 18 (limited signatories meeting clause) of the FPA also recognizes the consensual nature of the negotiated arrangement where a variety of interests can be balanced. It does not contemplate unilateral amendments to the FPA.
>
> Page 9, paragraphs 2 and 3
>
> OBHECC also argued that to introduce the required flexibility to respond to the shortfall created by the disparity between the import market shares in the Agency's Schedule B and DFAIT's allocation of global import permits, the Agency had to establish a number of artificial coping mechanisms. Some of these mechanisms were identified as the flow of

TRQ paper, the quota leasing policy, the contemplated contractual agreement between two provinces for the transfer of TRQ paper and supplemental import permits.

OBHECC maintained that these mechanisms are ineffective because they introduced unnecessary costs to the system and are not market responsive. The Commission also expressed the view that these coping mechanisms were simply a “bandaid” solution introduced by the Agency to address the symptoms of a defective system, rather than addressing the root of the problem, which is to change the import market shares in Schedule B. Furthermore, it was argued that if the disparity between the two import systems was eliminated, there would no longer be a need for these coping mechanisms.

Page 10, paragraph 3

The [Complaint] Committee acknowledges that the Agency has implemented these additional mechanisms, but believes that negotiations are required to further reduce the imbalance. The Committee is of the view that the adaptive mechanisms represent a financial and/or administrative burden to the system. These mechanisms offer “bandaid” solutions rather than focussing on the main issue. The Committee also notes that existing practices within provinces respecting the transfer or leasing of quota between producers and hatcheries are not policies which should be extended to provincial boards allowing them to change provincial allocation. To do so would usurp the function of the Agency in determining the annual provincial allocations.

Page 11, paragraphs 2 to 4

3. Quota Leasing Policy

OBHECC’s interpretation of the quota leasing policy is that it acts as a relief valve. In their view, this policy was introduced to allow certain over-producing provinces to avoid paying the more severe overproduction (LDA [liquidated damage assessment]) penalty by reaching contractual short term leasing arrangements with under-producing provinces. The Commission contended that this is just another means by which the Agency can maintain an inefficient allocation system.

The Agency argued that this policy was not introduced solely to overcome the disparities associated with the administration of the two

<u>import systems but also to provide greater flexibility to optimize provincial quota utilization.</u>

<u>The OBHECC countered that any lease agreement reached between provinces must receive unanimous approval from the Agency directors. The Commission questioned how a system that allows any province to veto a decision could be considered flexible</u>. In response, the Agency stated that the unanimity requirement provided the other members an assurance that, in case of economic harm from a lease agreement, all provinces would have the opportunity to raise their concerns.

Page 12, paragraph 1

The Committee recognizes that the quota leasing policy addresses some shortfalls resulting from the disparity caused by operating under two very distinct import allocation polices [sic]. <u>The Committee shares OBHECC's position that this policy optimizes the use of quota by permitting Ontario to over-produce its allocation while providing the province with a means to circumvent the payment of the more severe LDA penalty. Furthermore, the Committee agrees that the unanimity clause, which gives each province a veto, does serve as an obstacle towards achieving flexibility</u>. On the other hand, the Committee notes that a mechanism to bring all Agency members to consensus has not been fully explored.

Page 16, paragraph 4

<u>In the committee's view, if, as submitted by CBHEMA, the Proclamation requires the Agency to follow a prescribed allocation formula regardless of the consequences or harm to consumers and producers, then CBHEMA's Proclamation may be seriously inhibiting the Agency in fulfilling the objects described in section 21 of the Act</u>.

Page 17, paragraph 1

It is the Committee's view that this unfortunate operational impediment must be addressed and resolved as soon as possible. Council staff and legal counsel are available to assist the Agency in this regard. <u>The committee further recommends that Council should also have regard for these issues when, at future meetings, it considers the prior-approval of quota orders</u>.

Page 18, paragraph 1

OBHECC has requested Council to review the operations of CBHEMA to ensure they are in accordance with section 21 of the Act, pursuant to section 6(1)(*b*) of the Act. Monitoring of agency operations is an on-going function of the Council. These sections of the Act basically provide a focus for the advice and review in terms of maintaining a competitive and efficient industry and ensuring agencies carry on their operations in accordance with their objects. Again, it must be recognized that such a review and any conclusions reached therefrom cannot be extended to an order or directive to amend the Federal-Provincial Agreement. The Council can, however, make recommendations that the Agency bring forward amendments to its Proclamation and to the Federal-Provincial Agreement in furtherance of a strong, efficient and competitive industry.

Page 19, paragraphs 1 to 5

Direct CBHEMA to amend Schedule B

OBHECC has requested that Council direct the Agency to adjust imports under Schedule B so they reflect the import permit allocation made by EICB [the Export and Import Control Bureau].

For all the reasons expressed earlier, the Committee is of the view that no authority to make such a directive exists.

The complainant cites that a directive be made pursuant to section 6(1)(*c*) of the Act, which section provides that Council works with agencies in promoting more effective marketing of farm products in interprovincial and export trade.

The Committee agrees with the Agency that this section "neither expressly nor by necessary implication constitutes either a general directing power of Council vis-à-vis agencies or, specifically, a directing power to CBHEMA to adopt an adjustment for imports different from the adjustment stipulated in Schedule B".

Notwithstanding the above, the Agency has a statutory responsibility to help maintain an efficient and competitive industry. It is incumbent on the Agency to make those adjustments which it can do itself or alternatively to recommend changes which require signatory endorsement with respect to the efficient and effective functioning of the quota allocation system.

> Page 20, last three lines of paragraph 2, last 5 lines of paragraph 3, and paragraph 4
>
> These additional costs, either through the short term quota leasing arrangement or the proposed permanent interprovincial quota purchase program, are indicative of an allocation system that is in need of amendment.
>
> No provision is made for the sale and purchase of provincial quota allocations through the payment of money between provinces (and in so doing increase the costs of maintaining the system). Where a quota allocation system is found to have deficiencies, it is incumbent on an agency to address the problem directly or by recommending changes to the terms of its marketing plan which are consistent with its objects.
>
> There has been only one change to Schedule B since 1990. The Committee concurs with the parties that inaction and inability to adjust the allocation formula to coincide with market needs may well be a product of provincial self-interest. The Committee also agrees with the parties that it would be in the best interests of all concerned to stop applying “bandaid” solutions and bring resolution to the fundamental problem with the allocation system.
>
> [Emphasis added]

47. Very little has changed since this report was released, except for one major point: the 2012 amendment to Schedule B, introducing, in sections 2.02 and 3.01, the concept recognized in section 23 of the Act regarding “other factors which CHEP is required by law to consider”.

48. It is to be noted that the word “consider” is exactly the same word used by Parliament in subsection 2 of section 23 of the Act.

49. To conclude on the foregoing points, CHEP must consider factors other than strictly the province’s chicken production to fix the allocation, contrary to the OBHECC’s current submissions.

50. It appears that the estimated chicken production in each province is the only factor that CHEP considered for the purpose of fixing the allocation in recent years, no doubt because of the artificial flexibility mechanisms that exist.

51. The Syndicate has been asking for a long time that CHEP consider the needs of Quebec processors for their chick market in intraprovincial and interprovincial trade, and the OBHECC representatives stubbornly object to using any factor other than the estimated provincial chicken production.

52. Any negotiations in the current situation seem destined to fail without clear intervention by the FPCC.

III. SYNDICATE'S REQUEST TO CHEP

53. On January 15, 2014, the Syndicate clearly stated its position in a letter to the Chair of CHEP, and for convenience that letter is reproduced in its entirety as an appendix to this complaint.

54. Following the presentation of this letter, the Syndicate, in good faith, agreed on two occasions, in March and October 2014, to suspend the processing of its request to amend the formula for calculating allocations in order to allow for negotiations.

55. These initiatives did not produce any concrete result other than a complaint lodged by the OBHECC on July 8, 2015.

56. This complaint of July 2015 is along the same lines as the one made by the OBHECC in a letter dated March 7, 2014, to CHEP refusing any change to Schedule B that could resolve the Quebec processors' problem of supplying hatching eggs.

57. This is what OBHECC stated on March 7, 2014:

> [TRANSLATION]
>
> Nonetheless, any change to Schedule B requires the unanimous approval of CHEP members. The OBHECC will not give its approval.

IV. SYNDICATE'S CRITICISM OF CHEP

58. The Syndicate criticizes CHEP's application of Schedule B, which does not take into account market realities, the needs of processors and particularly the evolution of the market because CHEP grants allocations based strictly on estimated chicken production without considering other factors that the legislation mandates it to "consider".

59. The supply of chicks to eastern Ontario chicken producers is done by Quebec hatcheries in a natural way, taking into account geographic proximity, ease of communication and well-established chicken supply and sales networks.

60. The application of Schedule B based strictly on each province's estimated chicken production results in the application of self-sufficiency principles, which have often been criticized in various FPCC decisions.

61. CHEP's lack of leadership leads to situations that compel the use of "artificial" mechanisms to meet processors' needs, such as increasing imports and using expensive and avoidable mechanisms like the quota lease pool (QLP).

62. The Syndicate's requests to CHEP have not received the necessary attention, especially when they were suspended on two occasions to allow for unsuccessful negotiations.

63. CHEP has focused its attention on the OBHECC's efforts and initiatives to abolish the QLP and eliminate the margin included in the liquidated damages agreement rather than seriously consider adjustments to Schedule B or even a method of applying it that takes the actual situation into account and that, above all, evolves with changing market conditions.

64. Although the FPCC believes that it does not have jurisdiction to amend Schedule B, it definitely does have jurisdiction to give CHEP specific instructions to apply the 2012 Schedule B as drafted, considering the factors that the Act requires it to consider, particularly those set out in subsection 2 of section 23 of the Act.

65. These other factors definitely include the needs of the processor market so that processors are able to provide the demand for chicks that they have on the interprovincial market; the FPCC surely has the authority to order CHEP to consider the needs of the market and its evolution so that CHEP's mission to promote a strong, efficient and competitive production and marketing industry for hatching eggs is achieved and the goals set by the Act are attained.

V. SYNDICATE'S REQUESTS TO THE COUNCIL

66. The Syndicate respectfully requests that the Farm Products Council of Canada

- **RULE** this complaint admissible;
- **DECLARE** that, since the 2012 allocations, CHEP has not applied Schedule B correctly, specifically by not considering the "other factors which CHEP is required by law to consider";
- **FIND** that, despite the defect shown in the preceding paragraph, the Syndicate did not challenge the allocations because the flexible interprovincial quota leasing policy still existed and was applied;
- **FIND AND RULE** that the interprovincial quota leasing policy adopted by CHEP in the 1990s and amended on July 11, 2012, but dated July 17, 2012, is still in effect and applicable, in particular for 2015;

- **ORDER** CHEP, until Schedule B of the FPA is adjusted, to take into account the other mandatory factors in the legislation by considering, *inter alia*:
    - the processors' needs
    - the evolution of the interprovincial chick market
    - the ability of a province to produce its allocation of hatching eggs
    - the needs of producers, including their proximity to hatcheries, their supply of chicks and whether it is easy to communicate with them
    - any other relevant factor
- **DENY** approval of any amendment to the *Canadian Hatching Egg Producers Quota Regulations* until CHEP validly considers the other mandatory factors set out in the legislation;
- **ORDER** CHEP, once the committee established to hear this complaint has tabled its report, to discuss, if necessary under the FPCC's supervision, adjustments to Schedule B of the FPA so as to better reflect the actual situation and the evolution of the market for hatching eggs and chicks;
- **SUBMIT**, *inter alia*, for discussion purposes, an adjustment to the methodology so that the calculation of quota allocations in section 3.01(*e*) of Schedule B takes into account not only the chicks shipped from signatory provinces to non-signatory provinces but also all the chicks shipped in interprovincial trade from a signatory province, and thereby modify step 7 of the calculation of quota allocations with the result that the credit is calculated on all the chicks shipped by a signatory province in interprovincial trade and not just on the non-signatory provinces' market;
- **DECLARE** that this adjustment does not constitute [translation] "a fundamental change to the methodology" of Schedule B;
- **TAKE NOTE** that, if the methodology of Schedule B is adjusted in accordance with the Syndicate's suggestion, the Syndicate will no longer object to the abolition of the QLP by CHEP;

- **RESERVE** the Syndicate's right, if discussions at CHEP are not successful within 90 days after the committee's report is tabled, to approach your Council again to bring a motion relying, *inter alia*, on the Council's jurisdiction under section 6(1)(*a*) to eventually amend the Proclamation under section 17(2)(*c*) so that all the problems raised by this complaint are resolved on an imperative and final basis;

LASTLY AND FOR REASONS OF CONVENIENCE, and without prejudice to its rights, the Syndicate could consider joining this complaint to that of the OBHECC filed on July 8, 2015, for consideration and, if necessary, at a common hearing, provided that the conditions for this joinder are acceptable to it and that, once those conditions have been agreed to, they are applied in their entirety, failing which the Syndicate may rescind its consent and request that its complaint proceed separately.

THE WHOLE RESPECTFULLY SUBMITTED.

LONGUEUIL, September 11, 2015

[signature]

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BELANGER LONGTIN, LLP

Counsel for the Complainant